



**CCM Preliminary Analysis:**

***DRAFT***

**Governor's Proposed Budget for FY 2010-11**

February 5, 2010

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For more information on the state budget and how it impacts your community, visit the CCM website at [www.ccm-ct.org](http://www.ccm-ct.org).

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**Note: Specific aspects of the Governor's proposal are spread over many individual bills. CCM is reviewing these bills and will keep you apprised of any new details affecting municipalities.**

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If you have any questions, please call Gian-Carl Casa or Jim Finley of CCM at (203) 498-3000.



## Impact on Municipalities: Overview

On February 3, the Governor released her proposed budget for FY 2010-11 (\$18.9 billion budget). The Governor's Proposed Budget for FY 2011 level-funds major grants including Education Cost Sharing (all but one town), Priority School Districts, Special Education-Excess Cost-Student Based, Pequot-Mohegan Fund, Town Aid Roads, PILOT: State-owned Property (all but two towns), PILOT: Colleges and Hospitals, and Department of Economic and Community Development's (DECD) Tax Abatement and Housing PILOT grants.

Overall, municipal aid would drop by \$12 million (.43%) next year under the Governor's proposal compared to this year.

### *Education Grants*

The Governor has proposed **level-funding for the following programs**: Education Cost Sharing (all but one town), Priority School Districts, Adult Education and Excess Cost-Student Based (Special Education). *Please note grants to individual cities and towns may vary due to changes in grant formula elements.*

The Governor has proposed **reducing certain education grants**: she would cut Magnet School funding by \$1.5 million, both public and non-public school transportation by a total of \$5.2 million, Bilingual Education by \$200,000, Interdistrict Cooperation (non-Sheff) by \$3 million, and School-based Health Clinics by \$1.2 million.

Statewide this aid translates to:

- Education Cost Sharing: \$1.9 billion
- Magnet Schools: \$173.1 million
- Excess Cost-Student Based: \$133.9 million
- Priority School Districts: \$117 million
- Public School Transportation: \$43.2 million
- Adult Education: \$20.6 million
- Non-Public School Transportation: \$3.6 million

### *Non-Education/ General Government Grants*

The Governor has also proposed **level-funding major non-education grants**, including PILOT for Colleges and Hospitals, the Pequot-Mohegan grant, Town Aid Roads (bond funded), DECD's Tax Abatement and Housing PILOT, the Local Capital Improvement Program (LoCIP) and, for all but two towns, PILOT for State Property.

The PILOT for New Manufacturing Machinery and Equipment **would be cut** by \$4.4 million. The impact of this reduction is not clear as reimbursement applications are not yet filed with the State. However, she did not

propose changes to the property tax exemption, so if reimbursements exceed the amount appropriated, municipalities would have to absorb the difference.

Statewide this aid translates to:

- PILOT: Colleges and Hospitals: \$115.4 million
- PILOT: State-owned Property: \$73 million
- Pequot-Mohegan Fund: \$61.8 million
- PILOT: New Mfg Machinery and Equipment: \$52.9 million
- Town Aid Road Grant: \$30 million
- LoCIP: \$30 million
- DECD Payment in Lieu in Taxes: \$2.2 million
- DECD Tax Abatement: \$1.7 million

Other non-education grants that are **level funded** include the Property Tax Relief programs: Elderly Circuit Breaker, Elderly Freeze, Veterans, Disability Exemption, Local and District Departments of Health, Libraries, Child Day Care

There are several non-education **grants which would be reduced** under the Governor's proposal, including Justice Assistance Grants (-\$ 900,000), Neighborhood Youth Centers (\$743,500); RPOs (\$199,000); Environmental Review Teams Land Use Assistance (\$400,000); Main Street Initiatives (\$180,000); and "suspension" of PILOT Vessels (-\$1.2 million)

### **New Program for Regional Cooperation**

The Governor would establish a new **\$10 million fund for "municipal shared equipment purchases"** to encourage regional cooperation. The grant, for which two or more municipalities are eligible, would equal 25% of the joint municipal costs up to a maximum of \$250,000.

### **Bonding**

The Governor's budget **maintains enacted general obligation bond authorizations** for FY 2011 of \$641 million for **school construction grants**; \$40 million for the **Clean Water Fund**, \$30 million for both the **LoCIP** and **TAR** programs and \$20 million for **STEAP**. As noted above she also proposes a new \$10 million bond authorization for **multi-municipal equipment purchases**.

### **Municipal Real Estate Conveyance Tax**

The Governor made **no proposal concerning extension of the present rates of the municipal real estate conveyance tax**, which are scheduled to sunset 6/30/10 without legislative action. Municipalities stand to lose at least \$30 million in non-property tax revenue unless the rates are made permanent or extended.

## Mandates Reform

The Governor proposed numerous mandates reform measures, including:

- Enacting a statutory prohibition to **prohibit the enactment of new unfunded or underfunded state mandates without a 2/3 vote of both chambers of the General Assembly.**
- Providing a **postponement of the effective date of the in-school suspension mandate** (dates unclear);
- Permitting municipalities to **post certain information online, rather than publishing such information in the newspaper;**
- Allowing municipalities to transmit certain information to **state agencies electronically;**
- Removing the mandate that municipalities **store and collect the possessions of evicted residential tenants;**
- Limit to 15 years the **obligation to retain certain municipal records;**
- Modify the **treble damages provision regarding zoning enforcement** officers' issuance of zoning violations;
- "Modify **the Raise the Age** legislation regarding release provisions"; and
- Provide for "**municipal pension reform** through development of an alternative benefits plan".

**\*\* \*\* \***

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**\*\* \*\* \***

CCM Advocacy is on the web:

[ccmlac.org](http://ccmlac.org)

Twitter: CCMAdvocacy

Facebook: Connecticut Conference of Municipalities

## APPENDIX: Breakdown of Municipal Grants

### Total State Aid

	2009-2010 Funding	Governor's 2010-11 Proposed	Governor's Proposal (FY 2010-11) over Current Year (FY 2009-10)	
			Change:	
			\$	%
<b>Education and Non-Education Assistance</b>	<b>\$2,802,012,686</b>	<b>\$2,790,097,952</b>	<b>-\$11,914,734.00</b>	<b>-0.43%</b>

### Education Aid

	2009-2010 Funding	Governor's 2010-11 Proposed	Governor's Proposal (FY 2010-11) over Current Year (FY 2009-10)	
			Change:	
			\$	%
Adult Education	\$20,596,400	\$20,594,371	-\$2,029	-0.01%
After School Program	\$5,000,000	\$5,000,000	\$0	0.00%
Bilingual Education	\$2,129,033	\$2,129,033	\$0	0.00%
Education Equalization Grants	\$1,889,182,288	\$1,889,182,288	\$0	0.00%
Excess Cost - Student Based	\$120,491,451	\$120,491,451	\$0	0.00%
Extended School Hours	\$2,990,000	\$2,990,000	\$0	0.00%
Fuel Cell Projects	\$0	\$0	\$0	n/a
Health Serv for Pupils Private Schools	\$4,775,000	\$4,297,500	-\$477,500	-10.00%
Interdistrict Cooperation	\$14,127,369	\$11,127,369	-\$3,000,000	-21.24%
Magnet Schools	\$174,631,395	\$173,131,395	-\$1,500,000	-0.86%
Non-Public School Transportation	\$3,995,000	\$3,595,000	-\$400,000	-10.01%
OPEN Choice Program	\$14,465,002	\$14,465,002	\$0	0.00%
Priority School Districts	\$117,237,188	\$117,237,188	\$0	0.00%
School Based Health Clinics	\$10,440,646	\$9,223,713	-\$1,216,933	-11.66%
School Breakfast Program	\$1,634,103	\$1,634,103	\$0	0.00%
School Safety	\$0	\$0	\$0	n/a
School to Work Opportunities	\$213,750	\$213,750	\$0	0.00%
Transportation of School Children	\$47,964,000	\$43,167,600	-\$4,796,400	-10.00%
Vocational Agriculture	\$4,560,565	\$4,560,565	\$0	0.00%
Young Adult Learners	\$0	\$0	\$0	n/a
Young Parents Program	\$229,330	\$229,330	\$0	0.00%
Youth Service Bureaus	\$2,946,418	\$2,947,268	\$850	0.03%
<b>Total Education Grants</b>	<b>\$2,437,608,938</b>	<b>\$2,426,216,926</b>	<b>-\$11,392,012.00</b>	<b>-0.47%</b>

## Non-Education Aid

	2009-2010 Funding	Governor's 2010- 11 Proposed	Governor's Proposal (FY 2010-11) over Current Year (FY 2009-10)	
			Change:	
			\$	%
Capital City Economic Development	\$6,050,000	\$6,050,000	\$0.00	0.00%
Child Day Care	\$5,263,706	\$5,263,706	\$0.00	0.00%
Community Services	\$116,358	\$116,358	\$0.00	0.00%
Distressed Municipalities	\$7,800,000	\$7,800,000	\$0.00	0.00%
Heating Assist. Schools	\$0	\$0	\$0.00	n/a
Housing/Homeless Services	\$686,592	\$686,592	\$0.00	0.00%
Human Resource Development	\$31,034	\$31,034	\$0.00	0.00%
Human Resource Development- Hispanic Pgms	\$5,900	\$5,900	\$0.00	0.00%
Local Capital Improvement Program	\$30,000,000	\$30,000,000	\$0.00	0.00%
Local & District Departments of Health	\$4,264,470	\$4,264,470	\$0.00	0.00%
Payment in Lieu of Taxes (DECD)	\$2,204,000	\$2,204,000	\$0.00	0.00%
Pequot Mohegan Fund	\$61,779,907	\$61,779,907	\$0.00	0.00%
PILOT: Colleges & Hospitals	\$115,431,737	\$115,431,737	\$0.00	0.00%
PILOT: State Owned Property	\$73,519,215	\$73,019,215	-\$500,000.00	-0.68%
Prop Tax Relief Elder-Circuit Breaker	\$20,505,899	\$20,505,899	\$0.00	0.00%
Prop Tax Relief Elderly Freeze Program	\$560,000	\$560,000	\$0.00	0.00%
Property Tax Relief for Veterans	\$2,970,099	\$2,970,099	\$0.00	0.00%
Reimb Property Tax-Disability Exempt	\$400,000	\$400,000	\$0.00	0.00%
Services to the Elderly	\$44,405	\$44,405	\$0.00	0.00%
Tax Abatement (DECD)	\$1,704,890	\$1,704,890	\$0.00	0.00%
Teen Pregnancy Prevention	\$870,326	\$870,326	\$0.00	0.00%
Town Aid Road Grants	\$30,000,000	\$30,000,000	\$0.00	0.00%
Venereal Disease Control	\$195,210	\$172,488	-\$22,722.00	-11.64%
<b>Total Non-Education Assistance</b>	<b>\$364,403,748</b>	<b>\$363,881,026</b>	<b>-\$522,722.00</b>	<b>-0.14%</b>

Note: For purposes of this report, PILOT: New Manufacturing Machinery and Equipment (PILOT: MM&E) is not included in the total non-education aid figure above. However, PILOT MM&E would be reduced by \$4,453,016 -- to \$52,895,199 from \$57,348,215.





# **CCM – CONNECTICUT'S STATEWIDE ASSOCIATION OF TOWNS AND CITIES**



The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities. CCM represents municipalities at the General Assembly, before the state executive branch and regulatory agencies, and in the courts. CCM provides member towns and cities with a wide array of other services, including management assistance, individualized inquiry service, assistance in municipal labor relations, technical assistance and training, policy development, research and analysis, publications, information programs, and service programs such as workers' compensation, liability-automobile-property insurance, risk management, and energy cost-containment. Federal representation is provided by CCM in conjunction with the National League of Cities. CCM was founded in 1966.

CCM is governed by a Board of Directors, elected by the member municipalities, with due consideration given to geographical representation, municipalities of different sizes, and a balance of political parties. Numerous committees of municipal officials participate in the development of CCM policy and programs. CCM has offices in New Haven (the headquarters) and in Hartford.

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